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**HOUSE MEMORIAL 29**

**46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003**

**INTRODUCED BY**

Raymond M. Ruiz

**A MEMORIAL**

**REQUESTING THE BLUE RIBBON TAX REFORM COMMISSION TO REVIEW THE  
SPECIAL TAX TREATMENT AFFORDED FEDERAL AND STATE CREDIT UNIONS.**

**WHEREAS, not all credit unions are alike, with one group  
of credit unions generally adhering to the spirit of the  
industry's 1934 charter by serving distinct groups of people  
that are usually based on occupation; and**

**WHEREAS, a second group of credit unions oversteps the  
original intent of the credit union charter, allowing, in some  
cases, hundreds of unrelated groups to belong to the same  
credit union; and**

**WHEREAS, the institutions in this second group are  
professionally staffed, offer product lines virtually identical  
to banks, operate from large facilities and often have  
extensive branch networks; and**

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1           WHEREAS, these credit unions are active participants in  
2 the marketplace, offering real estate loans, consumer loans and  
3 even mutual funds; and

4           WHEREAS, the virtual collapse of the common bond  
5 requirements, combined with the offering of a full range of  
6 services, makes this second group of credit unions  
7 indistinguishable from banks; and

8           WHEREAS, in 1990, the federal deposit insurance  
9 corporation wrote "the U.S. credit union industry has evolved  
10 from serving simple, short-term consumer savings and lending  
11 needs, to being full-service consumer banks"; and

12           WHEREAS, the public policy question is whether special  
13 treatment, such as a tax subsidy and different regulatory  
14 rules, should continue to be afforded to that fast-growing  
15 portion of the credit union industry that looks and acts like  
16 the banking industry; and

17           WHEREAS, credit unions that want to act as banks should  
18 give up their tax subsidy and should be regulated like banks;

19           NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF  
20 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the blue ribbon  
21 tax reform commission created by the legislature be  
22 respectfully requested to include in its study a review of the  
23 special tax treatment afforded to federal and state credit  
24 unions and make recommendations, if any, on the continuation of  
25 that tax treatment; and

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BE IT FURTHER RESOLVED that a copy of this memorial be transmitted to the chair of the blue ribbon tax reform commission.

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